

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

|                                     |   |                 |
|-------------------------------------|---|-----------------|
| APPLICATION OF KENTUCKY-AMERICAN    | ) |                 |
| WATER COMPANY FOR PERMISSION TO     | ) |                 |
| DEVIATE FROM THE REQUIREMENTS OF    | ) | CASE NO. 96-569 |
| 807 KAR 5:066, SECTION 16(1) OF THE | ) |                 |
| COMMISSION'S RULES                  | ) |                 |

O R D E R

IT IS ORDERED that Kentucky-American Water Company ("Kentucky-American") shall file the original and 10 copies of the following information with the Commission with a copy to all parties of record within 14 days from the date of this order. Kentucky-American shall furnish with each response the name of the witness who will be available to respond to questions concerning each item of information should a public hearing be scheduled.

IT IS FURTHER ORDERED that an informal conference will be held on February, 19, 1997, at 10:00 a.m., Eastern Time, in Conference Room 1 of the Commission's offices at 730 Schenkel Lane, Frankfort, Kentucky, to discuss Kentucky-American's statistical sample water meters test plan and the responses requested herein.

1. Explain why the proposed sampling begins in the tenth rather than the first year.

2. Which is a higher priority for Kentucky-American, the cost savings to be realized from the proposed plan or the accuracy of customers' meters? Explain.

3. Explain and provide any written information which supports the 20 years service life for residential meters. Include statistical records and bar graphs for meter testing for the past 20 years.

4. Define a defective meter. Is a non registering meter considered a defective meter? Explain.

5. Explain the plan for removing defective meters.

6. Are there known meters in service that do not perform as well as others in Kentucky-American's distribution system? If yes, explain the plan for accelerated early removal of these meters.

7. Provide the average cost of a meter change out to include material, labor, transportation, and testing.

8. Provide a breakdown of the projected 10 year savings of \$1,720,783, showing each component and its amount for each of the 10 years.

9. Provide the number and type of meters installed each year since 1976.

10. Has Kentucky-American considered sampling test plan based on Military Standard MIL-STD-105D? Explain.

11. Using Kentucky-American's current meter database, provide the following:

- a. Number and size of homogeneous control groups.
- b. Criteria for segregating the meters into homogeneous control groups.
- c. Criteria for combining control groups when necessary.
- d. Criteria for subdividing a control group.

12. Provide Kentucky-American's shipping procedure to assure that the meters tested by the manufacturer or any meter shop conform to the limits set forth in the test facility.
13. What is the proposed annual report for the performance of each control group in Kentucky-American's sample testing plan? Explain in detail.
14. What is the rationale for limiting the sample size to 200 meters? Explain whether the proposed sample size is sufficient to demonstrate the condition of any group.
15. Refer to Exhibit B(2.5) of the application. Will the recommended sample size remain constant for all the populations in the future, or will the sample size vary with the size of the population each year? Explain in detail.
16. Refer to Exhibit B (2.6). What is the estimated number of meter population every year starting in 1997 for ten years?
17. Refer to Exhibit B, Table 2-1, of the application. Provide a sample calculation in deriving the sample size for a group of 5000 meters.
18. Refer to Exhibit B(3.2) of the application. Explain how the results of a test for a sample for 1987 represent the meter population of 1988?
19. Refer to Exhibit B (3.3) of the application. What is the basis for considering a failure of seven meters out of a sample size of 200 as a margin number for rejecting the meter population?
20. Explain the plan for random selection of meters in a sample.
21. Explain how the statistical sampling test will improve Kentucky-American's meter quality and meter maintenance program.

22. Refer to Exhibit B, Introduction, first paragraph of page 1-1. Provide the following:

- a. A description of the new meter technology in Kentucky-American's meter system that improved longevity of accuracy.
- b. Copies of the orders that extended meter testing in the states of New York, West Virginia, Pennsylvania, and Illinois.

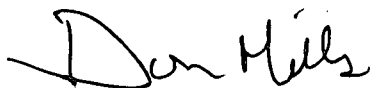
23. What is the current procedure in testing the meters? Are the good meters reinstalled in the system? Explain in detail the recycling of the water meters in Kentucky-American's system.

Done at Frankfort, Kentucky, this 27th day of January, 1997.

PUBLIC SERVICE COMMISSION

  
For the Commission

ATTEST:



Executive Director